

Adopted	Rejected
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## COMMITTEE REPORT

YES:	12
NO:	0

### MR. SPEAKER:

*Your Committee on Financial Institutions, to which was referred Senate Bill 189, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1       Page 1, between the enacting clause and line 1, begin a new
- 2       paragraph and insert:
- 3       "SECTION 1. IC 6-5.5-1-2 IS AMENDED TO READ AS
- 4       FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 2. (a) Except as
- 5       provided in subsections (b) through (d), "adjusted gross income" means
- 6       taxable income as defined in Section 63 of the Internal Revenue Code,
- 7       adjusted as follows:
- 8       (1) Add the following amounts:
- 9       (A) An amount equal to a deduction allowed or allowable
- 10       under Section 166, Section 585, or Section 593 of the Internal
- 11       Revenue Code.
- 12       (B) An amount equal to a deduction allowed or allowable
- 13       under Section 170 of the Internal Revenue Code.
- 14       (C) An amount equal to a deduction or deductions allowed or

allowable under Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by a state of the United States or levied at the local level by any subdivision of a state of the United States, or for taxes on property levied by a state or a subdivision of a state of the United States.

(D) The amount of interest excluded under Section 103 of the Internal Revenue Code or under any other federal law, minus the associated expenses disallowed in the computation of taxable income under Section 265 of the Internal Revenue Code.

(E) An amount equal to the deduction allowed under Section 172 or 1212 of the Internal Revenue Code for net operating losses or net capital losses.

(F) For a taxpayer that is not a large bank (as defined in Section 585(c)(2) of the Internal Revenue Code), an amount equal to the recovery of a debt, or part of a debt, that becomes worthless to the extent a deduction was allowed from gross income in a prior taxable year under Section 166(a) of the Internal Revenue Code.

(2) Subtract the following amounts:

(A) Income that the United States Constitution or any statute of the United States prohibits from being used to measure the tax imposed by this chapter.

(B) Income that is derived from sources outside the United States, as defined by the Internal Revenue Code.

(C) An amount equal to a debt or part of a debt that becomes worthless, as permitted under Section 166(a) of the Internal Revenue Code.

(D) An amount equal to any bad debt reserves that are included in federal income because of accounting method changes required by Section 585(c)(3)(A) or Section 593 of the Internal Revenue Code.

**(E) Income from interest on United States Treasury obligations not covered by clause (A).**

(b) In the case of a credit union, "adjusted gross income" for a taxable year means the total transfers to undivided earnings minus dividends for that taxable year after statutory reserves are set aside

1 under IC 28-7-1-24.

2 (c) In the case of an investment company, "adjusted gross income"  
3 means the company's federal taxable income multiplied by the quotient  
4 of:

5 (1) the aggregate of the gross payments collected by the company  
6 during the taxable year from old and new business upon  
7 investment contracts issued by the company and held by residents  
8 of Indiana; divided by

9 (2) the total amount of gross payments collected during the  
10 taxable year by the company from the business upon investment  
11 contracts issued by the company and held by persons residing  
12 within Indiana and elsewhere.

13 (d) As used in subsection (c), "investment company" means a  
14 person, copartnership, association, limited liability company, or  
15 corporation, whether domestic or foreign, that:

16 (1) is registered under the Investment Company Act of 1940 (15  
17 U.S.C. 80a-1 et seq.); and

18 (2) solicits or receives a payment to be made to itself and issues  
19 in exchange for the payment:

20 (A) a so-called bond;

21 (B) a share;

22 (C) a coupon;

23 (D) a certificate of membership;

24 (E) an agreement;

25 (F) a pretended agreement; or

26 (G) other evidences of obligation;

27 entitling the holder to anything of value at some future date, if the  
28 gross payments received by the company during the taxable year  
29 on outstanding investment contracts, plus interest and dividends  
30 earned on those contracts (by prorating the interest and dividends  
31 earned on investment contracts by the same proportion that  
32 certificate reserves (as defined by the Investment Company Act  
33 of 1940) is to the company's total assets) is at least fifty percent  
34 (50%) of the company's gross payments upon investment  
35 contracts plus gross income from all other sources except  
36 dividends from subsidiaries for the taxable year. The term  
37 "investment contract" means an instrument listed in clauses (A)  
38 through (G).".

- 1 Page 3, between lines 27 and 28, begin a new paragraph and insert:
- 2 "SECTION 7. [EFFECTIVE JANUARY 1, 2000] **IC 6-5.5-1-2, as**
- 3 **amended by this act, applies to taxable years beginning after**
- 4 **December 31, 1999."**
- 5 Renumber all SECTIONS consecutively.  
(Reference is to SB 189 as printed January 29, 1999.)

**and when so amended that said bill do pass.**

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Representative Bodiker